NEEDS SEEDED STRATEGIES

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Abstract

This paper addresses the issue of developing strategies starting from the identification and comprehension of true consumer needs. Needs and opportunities are linked to markets, benefits and strategies through a specific 3D model based on Maslow's pyramid. A further model, denoted the PIE (Persons, Institutions and Enterprises), also contextualises needs seeded strategies also for institutions.

Furthermore the paper builds on declared and latent needs and the author shows how both can live together, or separately, irrespective whether or not one sees them from the demand or supply side. The argument is that demand strategies are essentially based on declared needs and are 'red ocean' in nature while supply strategies pace consumers by hitting latent needs and produce 'blue ocean' favoured strategies.

It is argued that current strategy frameworks e.g. Porter's competitive advantage, Wernerfelt's resource-based strategy and Hax and Wilde's integrated competitive advantage models, need to pace rather than chase the consumer. Strategies are considered as being the outcome of strategic choices that enterprises need to answer in order to stay or become (more) competitive. If an enterprise is to build its strategy on satisfying consumer needs then it is necessary to view resources from two perspectives, namely customers and assets. For each one of these two resources three possible scenarios are discussed namely that the resources are Insufficient, Limited or Abundant

Keywords: Strategy, Blue-ocean, Red-ocean, Declared, Latent, Needs

JEL Classification: A2, L2, M3, M30

1. Introduction

The fundamental idea behind needs seeded strategies is to break a long lasting paradigm of strategic thought that stipulates that strategy starts and ends with primarily either a view on the external or internal contexts or a weak mix of the two. This is done by linking customer needs (declared or latent) to enterprise strategy through a complete all-round process, envisaged here as a 3D pyramid model [Ward and Lasen, (2009)]. To achieve this the idea is to focus on excelling in satisfying the needs of the customer and/or consumer in a sustainable and consistent way (throughout the strategy development and deployment process) so that it becomes the creed of the people involved (both inside and outside of the enterprise). By people one implies all of those involved, from the legislators (e.g. government) to the citizens, from the manufacturer or service provider to the end-user of the product or service and so on. The scope is omni-comprehensive and it can only be truly achieved by fully understanding and believing that needs are at the core of all industries and marketplaces. To be fair since the epochal work of Porter in the late 70s and early 80s we have witnessed a slow but distinctive shift towards customer centred strategies meaning that enterprises have become much more aware of the effects of their strategies on the customer. These may be roughly described under three distinct schools of modern strategy framework thought, namely Porter's competitive advantage, Wernerfelt's resource-based strategy and Hax and Wilde's integrated competitive advantage, and the Delta model.

The first two were idealised and subsequently disseminated from the early 80s onwards and respectively tackled first the industry [Porter, (1980)] and internal working of the enterprise [Wernerfelt, (1984), pp.171-180, Penrose, (1995), pp.56-57, Ghertman *et al.* (1997), pp.185-200]. The third school focuses much more clearly on the customer, emphasising the growing dependency on services such as e-commerce [Hax and Wilde, (2001), pp.143-174] and how the enterprises locks into the marketplace and customer. The following table focuses considerably on rivalry and competitive advantage as key drivers for any organisation but all three frameworks view the customer from a supply (or enterprise) perspective. In order to re-balance this approach towards the demand (customer) perspective enterprises depend heavily on other frameworks, tools, models that identify the true needs of the customer and consequently set about aligning the organisation to satisfy them. However, the approach chases[1] rather than paces the customer. Whatever framework is preferred or followed it is common to address strategy development by tackling a basic three step sequential process consisting of:

1. Analysing the situation of industry and marketplace (external analysis) and enterprise (internal analysis) using models such as SWOT, PESTELI [Shinkins and Hollins, (2006), pp.14-15] etc.

2. Assessing the data, information and knowledge gained and preparing a collection of strategic scenarios or options.

3. Selecting the strategy based on at least three basic indicators profitability, sustainability and realisable objectives.

4.

Table 1. Schools of Strategic Framework

		School of Strategic Framework	
	Industry and Business [Porter, 1980]	Resource Based [Wernerfelt, 1984]	Delta Model [Hax and Wilde, 1994]
Prime focus of Strategy	Match enterprise to Industry and Business	Coerce large or dispersed enterprises and relative BSUs	Match the enterprise, customer and suppliers
Focus of competitive advantage	Cost leadership, differentiation or focus	Resources, Capabilities and Core competencies	Ensuring best product provides total customer satisfaction and best match.
Measure or orientation of Competitive advantage	Activities and processes	Ensuring people focus on core products, services and activities – ARC model[2].	Adaptiveness especially at tactical and operational levels (through aligned processes). Providing selected customers and suppliers with what they want in order to maximise profits. Being innovative
Customer location	Marketplace	Workplace	'Customer' space
Demand or Supply Perspective	Supply	Supply	Mostly Supply
Strategy focus	Exploiting Rivalry (external)	Exploiting Rivalry (internal)	Exemplifying and exploiting Rivalry (internal and external)

Since all strategies are living examples of matching the enterprise to its environment (internal or otherwise) the three steps process has feedback that provides the enterprise with the necessary monitoring capability to adjust the strategy as needed. However, even with efficient feedback there is always a time lag and, moreover, the enterprises are still 'chasing' rather than 'pacing' the customer. The process is therefore closed-loop in nature and depicted as follows:

[1] Indeed the original intent of Marketing was to specifically understand what the customer wanted and consequently promote the appropriate goods and services.

[2] ARC (Architecture, Routines and Culture) was developed by Saloner et al. [2001, pp.39-64] to assess internal enterprise operations.

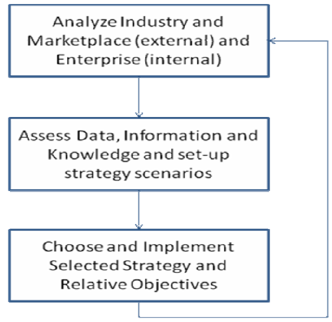

Figure 1. The Basic Strategy Development Process

Depending on the status of the enterprise, marketplace and industry this adjustment usually occurs every 1 to 3 years [Ward, (2009)] and entails making (further) strategic decisions or choices. Such choices involve asking the difficult, and sometimes very obvious, questions. Indeed one of the most pressing and intricate questions that enterprises need to answer on a regular basis is 'are we satisfying our customer[3] and consumer needs?' Once this question is answered the enterprise can endeavour to answer further questions such as 'how are we satisfying our customers and consumer', 'to what extent are we satisfying our customers and consumer' 'how would the customer tell us what he or she wants?' and so on.

Many models and methods have been deliberately invented to tackle this issue including models such as QFD [Akao, (2004)], benefits exploration by Strategos (www.strategosinc.com), focus groups [Merton *et al.*, (1956)], experience maps, psychographic classification of customers [Piirto, (1992)], voice of the consumer [George *et al.*, (2005), pp.193-213], Bowman's Strategic Clock [cited in Johnson *et al.* (2008)], technology and marketing road maps and many more.

However, the first strategic step an enterprise must take is to realise that a strategic choice or a collection of strategic choices are inevitable for the satisfaction of the customer, and moreover, the correct alignment of the enterprise with respect to the customer's needs. Indeed, and especially over the last decade, there has been a slow shift towards answering a much more difficult question concerning 'strategic choice' which is epitomised in the book by Kim and Mauborgne (2005) on red and blue ocean strategies. In this paper one holds that strategic choice is black or white, not shades of grey, and many enterprises prefer to stay in the 'red' ocean because this is what they 'know' and where they can chase both the competition and customer. However, it is truly only 'knowing' the latent needs of their customer(s) that sets enterprises apart, moreover it inherently implies satisfying these untapped demands [Kim and Mauborgne, interview available through www.insead.edu/alumni/newsletter/February2005/Interview.pdf]. Sadly customer orientation seems to be promoted more with words than deeds [Webster, (2005), pp.121-126].

But answering the call for strategic choice goes much farther and, answering strategic choice questions is probably the most difficult of all upper management tasks and conveyed beautifully by Kotler when speaking about the scope of the marketing function in an organisation that is, "Does marketing create or satisfy customer needs?" (2003, page 29).

Here are a series of other examples of strategic choice question:

Table 2 . Examples of Strategic Choice

Declared	Vs.	Latent
Customer (client)	Vs.	Consumer
Price	Vs.	Value
Supply	Vs.	Demand
Seller	Vs.	Buyer
Red	Vs.	Blue
Satisfy	Vs.	Create
Short-term	Vs.	Long-term

[3] We differentiate customer from consumer since the former identifies a trade partner (one who purchases products to sell to consumers) while the latter implies the end-user or actual consumer of the product or service.

Declared	**Vs.**	Latent
4P	**Vs.**	4C
Rational	**Vs.**	Holistic
Prescriptive	**Vs.**	Descriptive
Old Economy	**Vs.**	New Economy

How an enterprise decides will depend on several factors including enterprise culture, state of the economy, industry and/or marketplace, orientation of the enterprise towards the marketplace[4], stage of development of the enterprise [Poole and Van de Ven, (2004)] and so on.

However, the argument here is that the consumer[5] needs to be at the core of the choice as well as initiate the process of strategy selection. For example, if we start from the 5 needs pyramid we can associate the various layers with the three basic types of market.

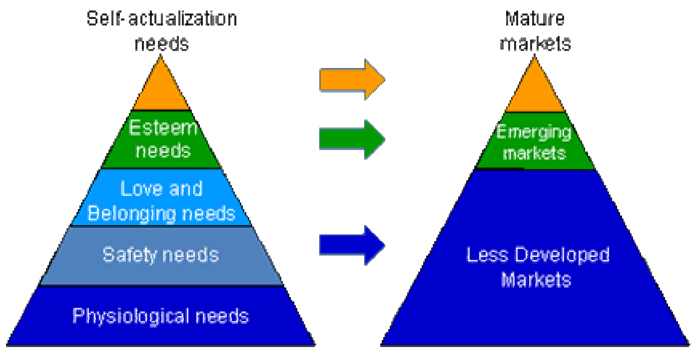

Figure 1. From Needs to Markets

In a very similar fashion we can link the markets with the benefits as depicted below:

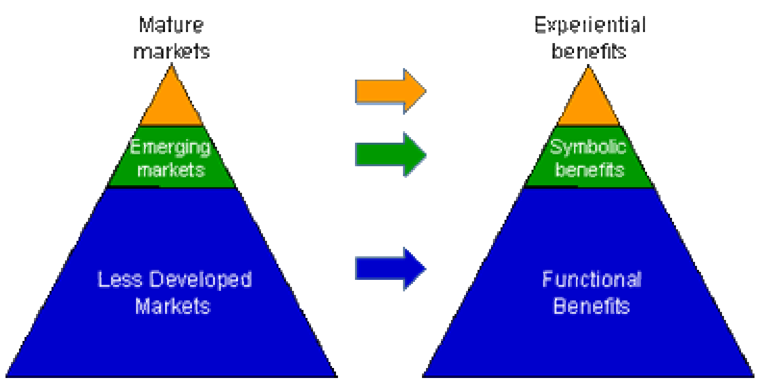

Figure 2. From Markets to Benefits

It should not be too difficult to imagine that the concept of a 3D model that maps needs to markets then to benefits and finally to strategies not only represents a simple and effective communication tool but also lends itself to various formations of faces or facets of a 4 sided pyramid in many other fields or aspects of enterprise management.

[4] Marketplace implies the space where the enterprise, customer e.g. trade partner, and consumer interact.
[5] Unless otherwise stated from hereon the use of the term 'consumer' implies both customer and consumer.

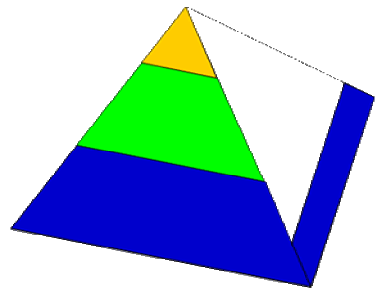

Figure 3. Assembling a 3D model from Needs to Strategies

Each facet of the pyramid can accommodate varying numbers of layers, for example the 5, 7 or 8 layer versions of Maslow's pyramid. However, in order to link the facets it is necessary that the layers are coherent, follow a rational sequence and are correctly grouped as seen in figures 2 and 3.

In the final, unfolded, pyramid, starting from the base, we have cost leadership strategies, then differentiation strategies and, at the apex, focus strategies, all as described by Porter [(1980), pp.35-40]. The pyramid that we propose for a correctly 'needs seeded' strategies approach is depicted below and subsequently briefly announced:

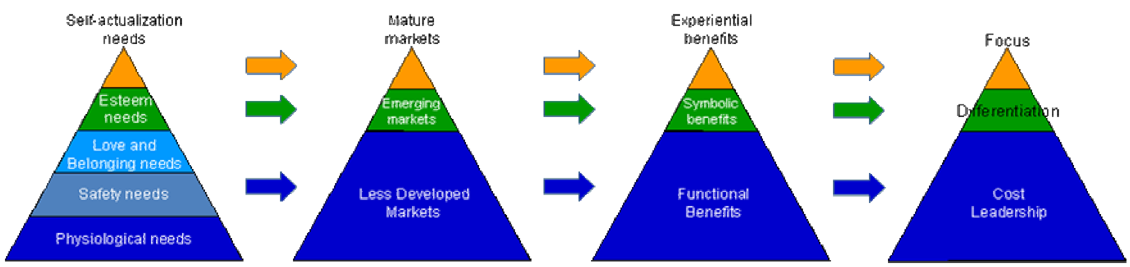

Figure 4. The Exploded 3D model from Needs to Strategies

Sides 1 and 2 (starting from left of figure 5) link the 5 fundamental needs as identified by Maslow[6] to three different markets or marketplaces, namely less developed markets, emerging markets and mature markets. In this depiction we have chosen 5 needs but also the 7 and 8 needs models are applicable, what changes is where the demarcation for the subsequent sides will be drawn.

In figure 5 grouped physiological, safety and belonging needs have been grouped and linked to less developed markets in view of the fact that these markets will primarily claim for those products and/or services that satisfy these 'primary' needs. However, it is quite plausible that less developed markets may be further stratified into at least 3 other sub-layers. A criteria for such stratification may well be the degree of social exclusion [Ward and Farmaki, (2006)] or where social exclusion criteria is both more prominent and practical. It should be noted that the scope of stratification in terms of classes is not a reflection or justification of further segmentation and segregation, rather a more effective approach in satisfying those needs. For example, many non-profit organizations often misunderstand their customers[7], resulting in poorly aligned needs based marketing strategies [Jones, (2008)].

In practical terms the less developed markets may, for example, be stratified as follows:

1. Extreme poor markets where food, water and shelter are the primary needs.

2. Very poor markets where bedding, clothes, food, water, shelter, protection both for humans and livestock, are primary needs.

3. Socially excluded markets where physiological and safety needs are less predominant (but

[6] The great weight ascribed to Maslow's work can be traced not only to its historical significance, as it represented the chief structured theory developed in the field of psychology and human motivation, but also to its underlying intuitiveness [Soper, Milford and Rosenthal 1995 cited in Maddock and Fulton, (1996)], which later made the model easily adaptable to marketing purposes.

[7] Customers are viewed as 'consumers', local communities and also donors.

nevertheless extremely important) and belonging needs begin to surface.

Once we have established the stratification of the markets and linked them to needs we can tackle the differentiation of the product and product features (or service features). In figures 3 and 5 we have again chosen a simplified approach by using benefits as the criteria. In doing so we have depicted three levels of benefit:

1. Functional benefits [Akao, (2004), pp.85 and 215]
2. Symbolic benefits
3. Experiential benefits [Carù and Cova, (2003)]

Functional benefits are characterised by tangible elements of the product or service offering such as product reliability, responding to complaints, key basic features and so on. Here they have been related to the emerging or immature markets because the scope is not to impress rather than to serve as a purpose for the consumer and relative needs. In this context these needs are highly declared (hence easily measurable) and rarely latent. Symbolic benefits are perceived as belonging needs or concerning the social stratification of needs, this is where the brand image comes into strong play. If backed by functional benefits the second layer becomes a very strong competitive advantage because the customer perceives a strong will by the enterprise to understand the customer and satisfy both declared and semi-latent needs.

As we reach the top of the benefits pyramid we move into an area where consumer experience plays a much stronger role and latent needs are often hidden. This market is where the true sustainable competitiveness reigns and profitability is high. Moreover, it is blue-ocean in nature and, for example, where luxury products or the best-in-class enterprises hang out and dominate with their innovative products and services.

In the final facet of the pyramid we move to that of strategy. For convenience and clarity three general strategies based on Porter's school of thought on competitive strategy[8] have been chosen:

1. Cost leadership [Porter, (2004), pp.35-37]
2. Differentiation [Porter, (2004), pp.37-38]
3. Focus [Porter, (2004), pp.38-40]

This final facet is key to linking the originating customer needs to the most suitable strategic school of thought. Hence if the key customer needs are primarily at the bottom of Maslow's pyramid it is likely that cost leadership will be dominant (since, for example, price more than value will prevail here). Similarly at a higher level enterprises will need to differentiate their product or service offering and where a switch from price to price/value will occur. In the final tier the enterprise will provide specific targeted or focus product or service offerings to satisfy needs that are latent in nature. This tier also corresponds to satisfying 'being' needs and will most likely entail blue ocean strategy where value is much more important than price.

In conclusion and having paved the way to linking needs to strategies it is worth discussing very briefly the dissemination of such strategies and what types of decision will result.

Deploying strategies successfully involves all three strategic, tactical and operational levels within the organisation. Moreover, decisions are based on information and knowledge that is structured, semi-structured or non-structured [Vercellis, (2009)]. Together they form a particular mix of rational and irrational thought (see next figure) in which risk and risk aversion will take place (just like strategic choice generates strategic crossroads).

[8] All three strategies have been successfully employed by enterprises competing in international markets and where both red and blue ocean strategies have been sustained.

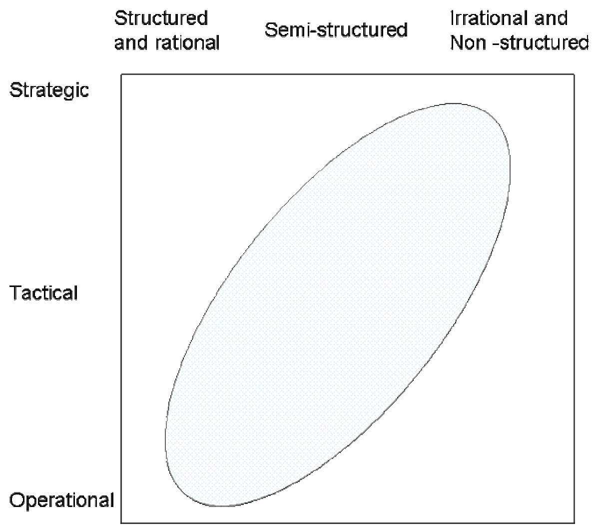

Figure 5. The context of decisions in practise

The point being raised here is that in order to satisfy customer needs (both declared and latent)

1. Strategy and strategic choices need to follow through all the organisation and may well need more or less detail depending on the organisational level involved [Ward and Rivani, (2005)].

2. Since in practise in enterprises decisions are based on a mix of rational and irrational thought, in real world terms, decisions and strategic choice lie somewhere in between. This area is not predefined and boxed rather it is *cloud-like* and evolutionary [Ward, (2008)].

3. According to Kahneman and Tversky [(1984), pp.341-350] decision making involves distinguishing between risky and riskless choices and the study of decisions addresses both normative and descriptive questions[1]. Enterprises therefore will make calculated risks to varying degrees during the development and deployment of the strategy. If the enterprise favours satisfying declared needs then such decisions will be normative otherwise the enterprise will opt for blue-ocean based strategies and suffice with descriptive types of decision based on a behavourial-organisational perspective [Harrison and Leitch, (2008), page 169].

2. Contextualizing Decisions from Sociological and Psychological Perspectives

If an enterprise is to build its strategy on satisfying consumer needs then it is necessary to view resources from two perspectives, namely customers and assets. For each one of these two resources we may picture three possible scenarios i.e. that the resources are Insufficient, Limited or Abundant. Blue ocean strategy sets out to deliberately create and foster abundant resources both in terms of assets (think of innovative products and services) and customers (new consumers and markets).

Red ocean strategy concentrates its efforts on limited resources and to some extent also on insufficient resources such as when signing strategic agreements with suppliers and competitors, forming alliances, joint ventures or deliberately setting up cartels. When resources are especially insufficient enterprises will eventually cooperate (to both survive and thrive) although to achieve this some competition may disappear either by going out of business or being absorbed during a Merger and Acquisition[2] [Galpin and Herndon, (2000), pp.8-9] or sometimes forming alliances if this will forge a duopoly or a dominant firm type of competitive scenario [Saloner *et al.*, (2001), pp.381-397]. This is one reason why it is difficult to split insufficient resource strategies from their limited counterparts.

In terms of strategy focus we will therefore have three possible scenarios depicted as follows:

[1] Kahneman and Tversky state '….normative analysis is concerned with the nature of rationality and the logic of decision making….descriptive analysis, in contrast, is concerned with people's beliefs and preferences as they are, not as they should be.' [1984, page 341].

[2] Typical of a so called *Growth* strategy.

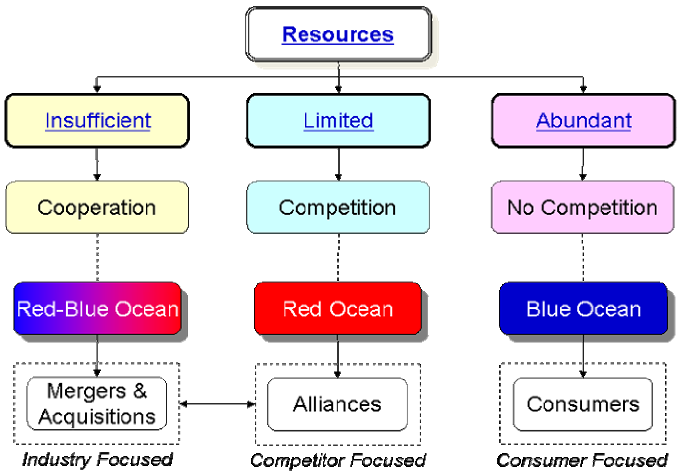

Figure 6.Resource Decisions

Source: adapted from http://thebrain.mcgill.ca

Where resources are limited competition maybe dispersed or concentrated depending on many factors e.g. market type-situation, market saturation, product/service type etc.

When competing for dispersed consumers it is imperative that the enterprise dedicates effort to 'speed to market' strategies and providing the product/service needed at the right time[3]. Consequently this will imply strategies that primarily forge a very strong relationship with the consumer i.e. consumer focused strategies and where the innovation pipeline needs to be filled continuously. Note that this will enforce more incremental innovation rather than radical innovation which implies that strategies are not truly blue-ocean in nature or outcome. When the competition is concentrated the competitors will likely be very aggressive (as in the case of 'price wars') and this will forge both defensive and attacking strategies directly in the marketplace. This too will involve close liaison with the consumer but the 'war' is in the marketplace and involves competitors and traders. In other words the consumers are only the prey or spoils, hence the focus will be on competition and emphasizing aggressiveness towards the competitors.

Depending on the growth position of the enterprise and/or industry [Greiner, (1998)] this may well lead to forming alliances or if the market saturation is high opting for Mergers and Acquisition or delocalizing or searching for private equity input [Le Fonti, (2009)].

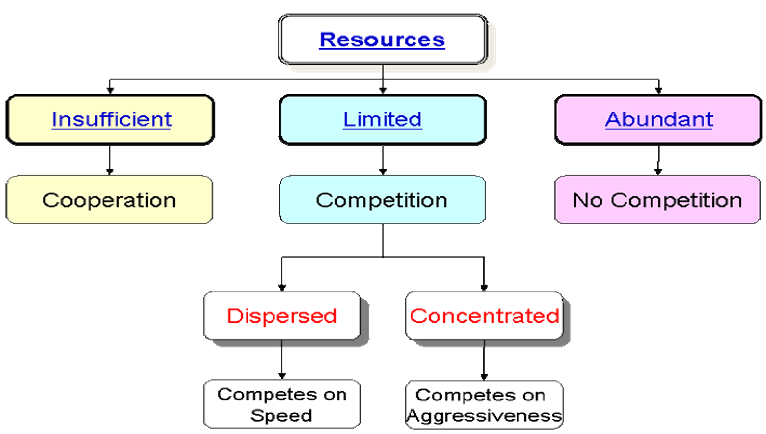

Figure 7. Competitive scenarios for Limited Resources

Source: adapted from http://thebrain.mcgill.ca

[3] Also known as Time-To-Market or TTM

The psychological perspective concerns the risk [Penrose, (1995), pp.56-57] behaviour of the enterprise and consumer. The following model refers to risk, taking which is at the basis of consumer-enterprise behaviours and relative resultant strategies.

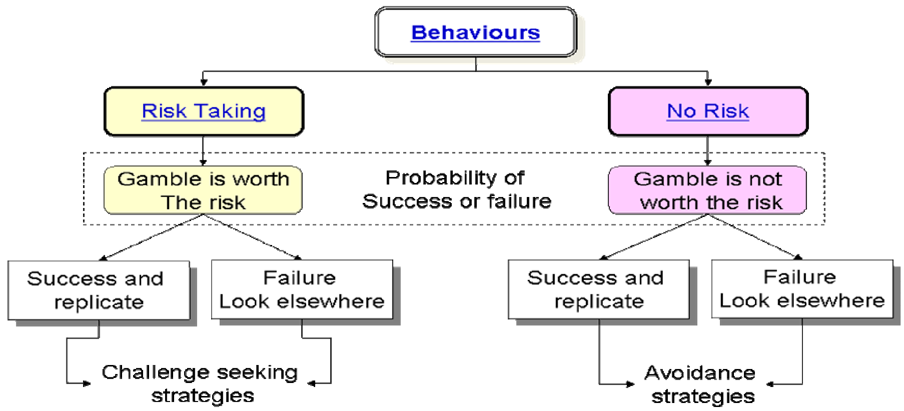

Figure 8. Risk and No Risk behavioural based strategies

If an enterprise or a consumer decides to take the risk thus inclining towards an irrational approach it means that the gamble is worth the risk (or is assumed so). Should the gamble pay off then the strategy will be considered a success and it is likely the strategy will be replicated: this is typical of successful attacking strategies. If the gamble does not pay off then the enterprise or consumer will look elsewhere, change strategy but nevertheless take the risk again. In both cases (success or failure) the strategies are challenge seeking strategies e.g. take-overs, acquisitions, bringing breakthrough ideas to market etc. and are typically blue-ocean by nature.

On the other hand the behaviour of the enterprise may be to take no risk (or minimize risk) since the gamble is not considered to be worth the risk. The resulting strategies will therefore be defensive and reactive in nature. Three possible behavioural outcomes are: flight, fight or inhibit action e.g. wait and see [Cannon, (1915)]. Flight implies abandoning the scene, fighting means fending off the aggressor and inhibition implies waiting and intervening later if the probability of success increases.

Enterprises that emphasize low risk strategies focus on incremental innovation, building or rather maintaining consumer loyalty, cost leadership, product focus, financials [Ghertman *et al.*, (1997)] etc. Although it is not the scope of this paper the framing of gains and losses is clearly key to understanding such behaviour. Kahneman and Tversky [Thaler cited by Kahneman and Tversky, (2000)] quite rightly promote decision frames and the idea of the value function [Kahneman and Tversky, (1979), (1980)] to explain how such decisions are managed and established. As Kahneman and Tversky focus more on the consumer as an individual it could be argued that enterprises behave differently but the author of this paper has seen many examples in industry where projects are stopped or pushed by lone key figures in the organization. Indeed not only can we observe that organizations are collective assemblies of individuals but usually run by a select few or even just one individual when it comes to strategic choice.

3. Demand or Supply, how do they differ?

Kim and Mauborgne (2005) emphasize the fact that enterprises need to step out of the red ocean and into the blue ocean because this provides greater freedom and allows companies to express their potential to the full. In other words they state that supplying the consumer with what he or she needs is much better in the long-run that satisfying demand[4]. In particular they roll-out a 5 point approach to strategy:

[4] In the context of this paper and reasoning supply refers to the current pre-identified customer needs while demand refers to the future supply of goods and services by the enterprise to satisfy consumer demanded needs.

1. DO NOT compete in existing market space where competitors are sharks and red ocean tactics dominate. INSTEAD you should create uncontested market space where competition is non-existent and therefore Blue Ocean (unchartered) in nature.

2. DO NOT beat the competition. INSTEAD you should make the competition irrelevant leaving consumers the simple task of choosing your product or service offering.

3. DO NOT exploit existing demand which is known, chartered also by the competition. INSTEAD you should create and capture new demand i.e. you supply what is not yet there but which the consumer longs for perhaps unknowingly. In other words you create benefits.

4. DO NOT make the value/cost trade-off. INSTEAD you should break the value/cost trade-off by proposing value rather than price and thus let price become irrelevant or secondary.

5. DO NOT align the whole system of a company's activities with its strategic choice of differentiation or low cost. INSTEAD you should align the whole system of a company's activities in pursuit of both differentiation and low cost.

These last two points are worth considering in the context of this paper. Selling value instead of price is not new [Kotler, (2003)] also the concept of setting the right price is equally wrong because it assumes that the consumer is aware of the value/price ratio. In the case of true blue ocean products here one argues that initially this is not the case, or to be more precise the value of the benefits still need to be first explored (by the consumer) and only after will the value/price ratio surface. Point 5 is still heavily dependent on Porters' approach to strategic alignment. However, the true goal in blue ocean strategy is to provide consumers with products and services that are different, focused and lead-create the market and consumer. Kim and Mauborgne do not defy Porters approach which is Differentiation, Cost Leadership and Focus, rather one feels they re-package it. In this paper the emphasis is to ensure that the focus of the enterprise should be to deliberately meet the latent consumer needs. The outcome is that (new) markets are created, consumers are originally unstratified[5] or are deliberately destratified and benefits, especially new benefits, are created or old ones satisfied in a new or more creative way.

Four key components are hence typical of this process namely:

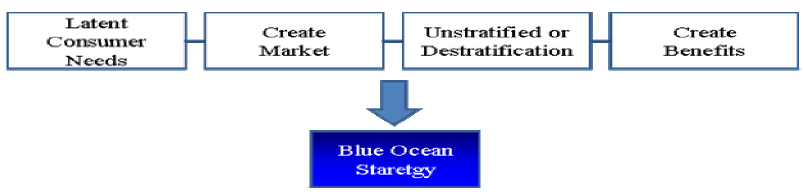

Figure 9. Supply strategy based on a Blue Ocean approach

As discussed previously enterprises are more likely to be more inclined to demand rather than supply and consequently demand motivated strategies are much more frequent and red is more dominant than blue in enterprise strategy. There are many reasons behind this preference including lower costs, lower short term risk, less unknowns etc. As a consequence institutions tend to control and/or curb industry and enterprises by reacting to change in market demand. For example, the current economic situation has fostered a whole series of appeals from enterprises to support them by government such as through actions including reduced taxation, less bureaucracy, more enterprise friendly legislation etc. In other words in our PIE model both the enterprise and institutions need to understand there respective needs and bounds of ownership.

The four key elements of supply based strategies are:

- Satisfy declared consumer needs.
- Develop the marketplace
- Refine market stratification e.g. segmentation based on socio-demographic trends

[5] The concept of stratification is similar to that of segmentation except that consumers as seen as one complete 'herd'. Hence when an enterprise follows a blue ocean strategy consumers are not stratified rather they are as seen as one unique opportunity and class of consumer still to be stratified. Since prior to opting for this type of strategy consumers are usually stratified or placed in segments this new direction will 'de-stratify', hence the term 'de-stratification.

- Provide sought after benefits

It is also worth noting that supply motivated strategies react to clear declared needs and the prescriptive school of thought [Mintzberg et al., (1998)] tends to be the most dominant. Typically enterprises that are best-in-class for red ocean strategy will be very good at venturing into new products for current markets and new markets with current products, as depicted in the matrix to right of the following figure.

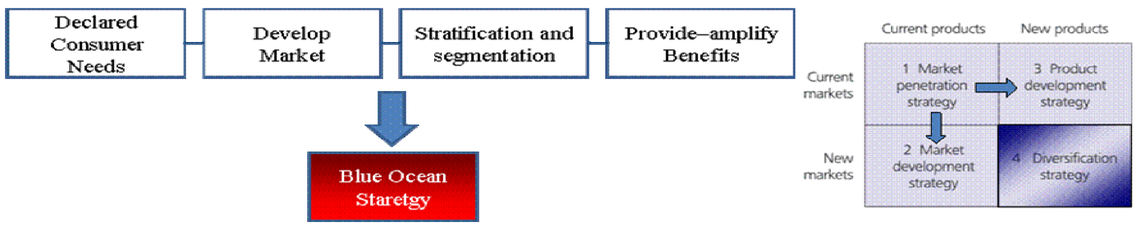

Figure 10. Demand strategy based on a Red Ocean approach

This matrix, known as Ansoff's matrix [Di Michael, (2003)], provides a clear picture of the direction of the enterprise and many continue to reap high (short-term) profits and have high market share based on this approach.

A much more promising and long-term perspective is to go for a diversification strategy, which is represented deliberately blue in colour in the above figure. The new products and new markets therefore imply that products and services are satisfying or will satisfy latent needs.

The Ansoff matrix can therefore also be read as shown below:

Figure 11. Ansoff and Red/Blue Ocean strategies

Taking one more step forward we can picture:

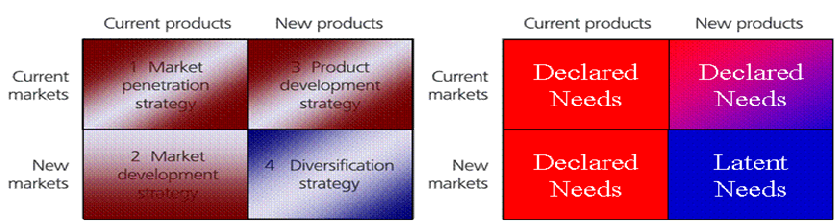

Figure 12. Ansoff and Declared/Latent needs

In this picture we see that the top right quadrant is shown as Declared Needs yet its colour is mixed between Red and Blue. Here the concept is that as we a new product offering becomes increasingly innovative and new markets are generated so the needs move towards the latent needs area. So in conclusion we obtain the following map of needs versus degree of innovation (perceived by the consumer).

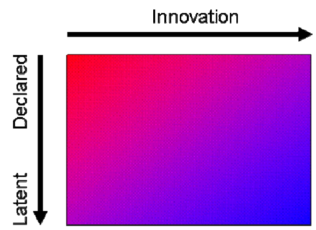

Figure 13. Needs and Innovation

4. PIE and Needs

The PIE model [Ward and Lasen, (2009)] views the opportunity from three different perspectives or players; Person, Institution and Enterprise (PIE). Here we return to PIE but now tuned to match-up with the needs, the contribution of these three players and the pyramid discussed previously:

1. For the individual (person) and/or community.

▪ The realization of what needs still require satisfying with an emphasis on latent needs. These needs may not be hierarchical hence they may be in any of the levels in the first part of the 3D model. Another important aspect is that subsequent parts of the 3D model will guide the enterprise in pin pointing the consumer and market better.

▪ It is argued that the prioritisation of needs based on a hierarchy is more in-line with declared rather than latent needs. That said it should be remembered that the first part of the pyramid may well be dedicated to just one layer or level that is subsequently expanded into other sub-levels. For example, suppose as an enterprise one decides to focus on safety needs and, for arguments sake, decides that these needs are split into 4 sub-levels as follows:

a. Protection needs: think of fences, bodyguards, anti-intrusion measures, guard dogs, private weapons, border quality controls etc.

b. Surveillance needs: think of CCTV (Close Circuit TV), private policing, sensors etc.

c. Law and order: think of police (private or public) and policing, laws, legislation, rules and procedures, neighbour watches etc.

d. Stability and respect: think of democratic processes, permanence of governance, governance, ombudsmen etc.

This could be depicted as follows[6]:

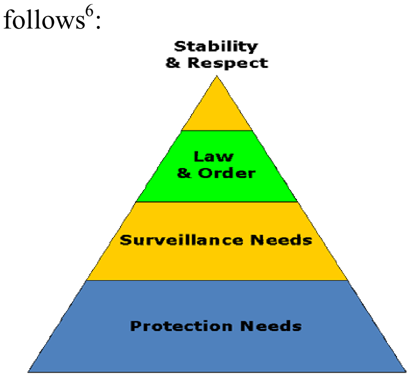

Figure 14. PIE and the Needs of the Individual Pyramid

2. For the institutions

▪ The realization of what needs still require satisfying with an emphasis on satisfying the latent needs of both individuals and communities. This implies that institutions will have to project the future so as to anticipate the needs of the consumer i.e. citizen. In this way the citizen take centre place for future institutional planning and protection.

[6] The fact that a triangular shape has been chosen is purely arbitrary but nonetheless fits with Maslow's original hierarchical approach.

- The prioritisation of needs i.e. understanding what is more or less important and when they should be attained for the community and the good of each individual (see also the previous comments)
- Provides the necessary infrastructure, financial, socio-cultural and legislative support and not just for the satisfaction of declared needs. Note that the institutions are not expected to be risk takers nor are the allowed to put the consumer at risk. However, the same can be said about the responsibility of the institutions towards enterprises. This is sometimes known as the Omission bias and is founded on the concept of 'Do no harm' [Bazerman and Moore, (2008)].

So following on from figure 15 we may see that the institutions are expected to operate at all four levels but especially the upper two levels since if satisfied imply also that the other two lower needs are accounted for. In terms of declared needs we may find that people expect the institutions to be fair and unbiased but may want parallel structures to sustain them (i.e. latent needs) e.g. ombudsman, direct line to approved and external bodies for complaints, external quality control, gender support for specific issues, multi-language support etc.

3. For enterprises

- Uncover and pinpoint both individual and community latent needs so as to reflect and respect local customs in a responsible and sustainable manner. This is precisely what is done with CSR and providing products that reflect local respect. In the case of law and order statistical data concerning crime [www.europeansourcebook.org] is now readily available for the individual.
- Provide the products and services that consumers truly need and search for (hence with more emphasis on latent rather than declared needs) while respecting the environment. For example, in the case of surveillance consumers may want to access live CCTV from their mobile telephone or PC, or they may want to be informed by an abnormal condition arises in the household.
- Work together with the consumers and institutions to ethically sustain the demand for goods and services. Thinking long term this means promoting only declared needs that reflect sustainability. In the case of figure 14 if too much emphasis is placed on the lower two levels this may be interpreted as being a 'cheap' way out or that the institutions are avoiding taking their societal responsibility.

Although the examples discussed here seem to be too focused it should not be too difficult to re-calibrate for other circumstances. Three suggestions are promoted for putting PIE into practise:

1. The focus has to be on satisfying the individual or community and especially their latent needs. Hence the emphasis is not on the shareholder but on the stakeholder. Remember also that enterprise stakeholders are also consumers.

2. All three entities are engaged in the satisfaction of the needs.

3. Explore the full, long-term, benefits and implications of the product or service offering on all three entities.

5. Conclusions

This paper promotes a hands-on and rational strategy development approach based on a 3D model that not only depicts a complete needs-to-strategy path but discusses what this path is and how it can and should be adapted to match the enterprise to the marketplace.

The author emphasises the need to grasp and assimilate the key differences in making strategic choices through fuzzy decisions and realising that red and blue-ocean strategies have a similar adjacency trait. Although it is rare to find pure clear-cut decisions in everyday business scenarios this does not justify complacency when discussing consumer needs. Knowing and addressing consumer declared and latent needs [Woodruff and Gardial, (1996)] is all about sustainable competitive advantage and many enterprises are either unaware of what blue-ocean strategy can offer or ignore it to minimise risk and hopefully maximise short-term profit. This paper argues that shifting from satisfying declared to latent needs requires a cultural shift not only within the enterprise but also the institutions that supposedly support them as well as protect the citizen.

Given this approach it is hoped that the models and tools discussed are sufficient to at least spur change and look at the marketplace as an opportunity thus pacing rather than chasing the consumer perpetually.

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